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REPORTS OF DIVISION OF GAMING ENFORCEMENT  
ON THE APPLICATION OF TRUMP TAJ MAHAL ASSOCIATES  
FOR RENEWAL OF A CASINO LICENSE (PRN 003501)  
AND THE FINANCIAL STABILITY OF  
DONALD J. TRUMP

SUITABILITY OF  
TRUMP TAJ MAHAL ASSOCIATES  
FOR  
RELICENSURE

W / Proposed  
redactions for  
Gardner  
2/27/95

REDACTED

Trenton, New Jersey  
February 1995

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## I. INTRODUCTION

On March 15, 1993, the Casino Control Commission ("Commission") issued a casino license and a casino hotel alcoholic beverage ("CHAB") license to Trump Taj Mahal Associates ("TTMA"), effective April 26, 1993, and through March 31, 1995. TTMA operates a casino hotel facility with a 42-story hotel tower containing 1,250 guest rooms on 17 acres of land located at Virginia Avenue and the Boardwalk, Atlantic City, New Jersey.

In accordance with the Casino Control Act ("Act"), N.J.S.A. 5:12-1 et seq., TTMA has applied to the Commission for the renewal of its casino and CHAB licenses. N.J.S.A. 5:12-80 et seq. The Division of Gaming Enforcement ("Division") has maintained an ongoing investigation of TTMA and the areas related to its continued qualification. N.J.S.A. 5:12-76; see N.J.S.A. 5:12-80 et seq. This report sets forth the results of the Division's investigation and summarizes significant developments during the last two years.

## II. GENERAL INFORMATION

### A. Entities

On March 29, 1990, effective on April 26, 1990, TTMA was issued plenary casino and CHAB licenses. At that time, TTMA and its respective holding and intermediary companies were determined to have met the qualification requirements. TTMA's licenses were renewed annually until March 15, 1993, when the Commission issued the current 23-month casino and CHAB licenses.

On December 12, 1990, TTMA converted from a New Jersey limited partnership to a New Jersey general partnership in anticipation of a restructuring. A Plan of Reorganization ("Reorganization Plan") was confirmed by the United States Bankruptcy Court for the District of New Jersey ("Bankruptcy Court") on August 28, 1991, with an effective date of October 4, 1991. Since then, Donald J. Trump ("DJT"), who previously beneficially owned all of TTMA, has had a 50% beneficial interest in TTMA, and the holders of previously issued 14% First Mortgage Bonds ("Old Bonds") collectively have had the remaining 50% beneficial interest.

TTMA has three general partners: (1) Trump Taj Mahal, Inc. ("TTMI"); (2) Trump Taj Mahal Corporation ("TTMC"), and (3) TM/GP Corporation ("TM/GP"). Exhibit 1. TTMI is the owner of 49.995% of TTMA, TTMC is the owner of .01%, and TM/GP is the owner of 49.995%. TTMI is wholly owned by DJT. TTMC is owned equally by DJT and Taj Mahal Holding Corp. ("Holding"). TM/GP, the managing general partner, is wholly owned by Holding. Holding has issued three classes of stock: Class A, Class B and Class C. The holders of

11.35% bonds due November 15, 1999 ("New Bonds"), which were issued as part of the Reorganization Plan, own all of the issued and outstanding shares of both Class A and Class B stock. Class A stock has all of the equity in Holding but no voting rights; Class B redeemable stock entitles the holders to elect four of the nine members of the Board of Directors of Holding ("Holding Board"). Additionally, each share of Class B stock is attached to \$1,000 principal amount of the New Bonds; moreover, such an attached share of Class B stock and \$1,000 principal amount of New Bonds ("Unit") cannot be separately traded. All shares of Class C stock, which have no equity but entitle the holder to elect five of the nine directors of the Holding Board, are held by DJT, who, therefore, has effective control of Holding.

TTMA has two wholly owned subsidiaries: Virginia Avenue Redevelopment Company, Inc. ("Redevelopment"), and Trump Taj Mahal Funding, Inc. ("Funding"). Redevelopment was incorporated in the State of New Jersey on August 24, 1994, for the purpose of administering funds for the Virginia Avenue Redevelopment Project. Funding, which had been wholly owned by DJT, became a wholly owned subsidiary of TTMA as a result of the Reorganization Plan. Funding issued the New Bonds.

Holding's directors are also the members of the Board of Directors of TM/GP ("TM/GP Board") and the members of the Board of Partner Representatives of TTMA ("TTMA Board"). TM/GP is the managing general partner of TTMA. Therefore, DJT retains effective

control of TTMA, unless certain events, known as transition events, occur, which will result in DJT losing managerial control of TTMA.

TTMI, TTMC, TM/GP, Holding and Funding<sup>1</sup> are all entities required to qualify in connection with TTMA's application for renewal of its casino license. It is the Division's position that each currently meets the applicable qualification standards.

In a separate petition, which is currently pending, TTMA seeks determinations concerning security holders of Holding (PRN 045503). The Division will address these matters in a separate report to be filed before the license renewal hearing.

#### B. Individuals

In connection with the casino license renewal application of TTMA, there are a number of individuals who must qualify to the standards applicable to casino key employees. See N.J.S.A. 5:12-85(c); N.J.S.A. 5:12-85(d). These natural person qualifiers are officers and directors of TTMA, TM/GP, TTMI, TTMC, Funding and Holding. These qualifying individuals and their positions with each qualifying entity are set forth on the attached list, which was prepared by Commission staff. Exhibit 2. The Division has reviewed the information contained therein and is in agreement therewith.

There are 38 individuals required to qualify in connection with this license renewal application, compared to 41 at the time of the last renewal application. Compare ibid with Exhibit A to

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<sup>1</sup>Funding is also a financial source.

Division's report dated March 1, 1993, on TTMA's application for renewal of its casino and CHAB licenses, 1993 to 1995.

The following individuals are no longer with TTMA or any of the entity qualifiers: (1) James F. Allen, formerly Vice President, Purchasing, TTMA; (2) Thomas P. Burke, formerly Vice President, Casino Finance Operations, TTMA; (3) Ernest E. East, formerly Vice President, Administration and Corporate Affairs, TTMA, Secretary, TTMC and Funding, and Director and Secretary, TM/GP and Holding; (4) Robert D. Hilton, formerly Senior Vice President, Hotel Operations, TTMA; (5) Henry W. Hornbostel, formerly Chief Financial Officer and Senior Vice President, Finance and Administration, TTMA; (6) Carl Icahn, formerly sole beneficial owner, Director and Chairman of the Board of five corporations owning 5% or more of the issued and outstanding stock of Holding; (7) Joseph C. Jimenez, formerly Vice President, International Marketing, TTMA; (8) Howard J. Klein, formerly Senior Vice President, Marketing, TTMA; (9) Sami Kobeissi, formerly Vice President, Middle Eastern Marketing, TTMA; (10) So Kil Lee, formerly Vice President, International Marketing, TTMA; (11) Wolf Lichten, formerly Vice President, Player Development, TTMA; (12) Danny Sau Kaung Leung, formerly Vice President, Player Development, TTMA; (13) Clifford F. Quon, formerly Vice President, International Marketing/Far East, TTMA; and (14) Jorge O. Tise, formerly Vice President, National Marketing, TTMA.

Additionally, the following individuals, whose positions are identified on Exhibit 2, are newly identified as natural person



qualifiers required to qualify in connection with TTMA's 1995 renewal application: George Augusto; Ronald D. Alcorn; Carla C. Block; Stephen R. Busch; Gonzalo E. DeVarona; Mario W. Espin; Magdy W. Gayed; Vincent P. Mascio, Jr.; Nicholas J. Niglio; George P. Rigopoulos; J. Dawnie Sachs-Lewin; Jonathan C. Swain and James L. Wright, III.

As of the date of this report, the Division has not developed any negative information that would prevent the qualification of any of these individuals.

C. Financial Sources

Various institutions and individuals have been identified as financial sources of TTMA, each of which must qualify in connection with TTMA's license renewal application. See N.J.S.A. 5:12-84(b). These financial sources are set forth on the attached list. Exhibit 3. As of the date of this report, the Division has not developed information sufficient to cause an objection to a finding that these entities are suitable as financial sources with respect to TTMA.

### III. LITIGATION

#### A. GMLV, Corp. v. DJT, TTMC, TTMI, TTMA and Gomes

On or about March 21, 1991, following the employment of Dennis C. Gomes as TTMA's President and Chief Operating Officer, GMLV, Corp. ("GMLV"), the parent company of Golden Nugget Casino Hotel ("Golden Nugget"), Las Vegas, Nevada, and former employer of Gomes, commenced an action in Nevada state court, alleging that Gomes had breached his employment contract and that TTMA and DJT had tortiously interfered with that contractual relationship. On or about July 15, 1992, GMLV dismissed its claim against all parties except DJT and Gomes. On or about July 27, 1993, the Nevada Supreme Court affirmed a lower court ruling that the Nevada state court had personal jurisdiction over DJT. On or about June 24, 1994, the remaining parties settled this matter.

#### B. Division v. TTMA, Nielson and Condon

On or about October 5, 1992, the Division filed a complaint (492-117-VC) against TTMA and two of its vice presidents, alleging violations as a result of the presence of Alvin I. Malnik on the casino hotel premises. On September 14, 1993, the Commission dismissed the complaint.

#### C. Bondholder Litigation

Beginning in June 1990, various purported class actions commenced on behalf of holders of TTMA's Old Bonds and the publicly

of 462 slot machines. On October 19, 1994, the Commission approved a stipulation of settlement and ordered civil penalties of \$48,000 against TTMA, \$750 against Hornbostel and \$500 against Celona.

E. I/M/O Trump's Castle Associates, Trump Plaza Associates and TTMA

On October 6, 1993, the Commission approved a stipulation and settlement agreement regarding various violations of notice and submission requirements by TTMA, Trump Plaza Associates ("TPA") and Trump's Castle Associates ("TCA"). TTMA admitted failing to file required documents on 38 separate occasions since late 1991, failing to notify the Commission and the Division of qualifier changes on six separate occasions during 1993, and failing to seek Commission approval of Gomes' employment contract. The Commission imposed a civil penalty of \$25,000 on TTMA.

F. Labor Ruling

On July 12, 1993, the United States Court of Appeals for the Third Circuit affirmed a ruling by the National Labor Relations Board that certified the International Alliance of Theatrical Stage Employees Local 197 and the International Union of Operating Engineers Local 68A, both of which represented theatrical stage employees, as bargaining representatives. Both TTMA and TCA, therefore, had to recognize and bargain with these unions.

G. Citibank, N.A. v. TTMA, DJT and TMI

On or about February 13, 1995, Citibank, N.A. ("Citibank") filed a complaint in the Supreme Court of New York County, New York, alleging that TTMA encouraged a Citibank employee to gamble, even though TTMA knew or should have known that the employee was

gambling with money that had been stolen. Citibank is seeking approximately \$2 million.

A Division employee originally discovered irregularities concerning the employee's gambling and contacted Citibank. As a result, the employee was arrested and prosecuted. She has pleaded guilty to embezzling more than \$2.5 million from Citibank. The Division will monitor this matter as it progresses.

## IV. SIGNIFICANT EVENTS AND OTHER MATTERS

A. Casino and Hotel Expansion

In 1993, legislation established a special \$100 million fund to encourage construction of hotel projects that will support Atlantic City's new convention center. Construction costs for new hotel rooms may be deducted from a casino's financial obligation to the Casino Reinvestment Development Authority ("CRDA") in return for making the hotel rooms available for conventioners when needed.

In July 1993, TTMA filed an Atlantic City Loan Program application with the CRDA, wherein it proposed to expand its facility by adding 1,000 hotel rooms and 2,000 parking spaces at a total development cost of \$157 million. Although the CRDA made a preliminary determination of the eligibility of the project, TTMA submitted an amendment to the application in May 1994. According to the revised plan, TTMA would add 500 new rooms and 1,500 parking spaces at a cost of \$98 million. The 500 hotel rooms would be in a freestanding hotel tower to be built on top of a new bus operations center adjacent to the existing casino hotel. The parking spaces would be added to the existing garage. Additionally, TTMA would spend \$6.5 million on beautification of the surrounding neighborhoods along Pennsylvania and Virginia Avenues from Pacific Avenue to Route 30. The plans call for the completion of the hotel tower by late May 1996. In July 1994, the CRDA approved the amended application and reserved an amount equal to \$15.2 million ("Allocation") in casino reinvestment credit. On December 13,

1994, the CRDA increased the Allocation to \$20.25 million for the revised plan. To date, TTMA has not begun construction.

#### B. Steel Pier

TTMA currently leases the Steel Pier, which requires a CAFRA permit from the New Jersey Department of Environmental Protection ("DEP").<sup>2</sup> The most recent extension of the CAFRA permit was subject to the initiation of the final work on the Steel Pier by March 1, 1994.

In May 1993, TTMA amended the lease agreement, which extended the lease term for five years, commencing on January 1, 1995. TTMA representatives continue to have discussions with officials from DEP about the development of interim uses for the Steel Pier structure. In past years, TTMA's CAFRA permit required that construction of the interim uses of the Steel Pier be completed by a date approximately one year from the issuance of the permit. Based upon the lease amendment, however, DEP is attempting to determine whether the CAFRA permit could be extended for a period of time in excess of one year. In any event, DEP has not indicated that the permit would not be extended for at least a period of one year. No permit has been issued at this time.

#### C. Services Agreement Between TTMA and DJT

As explained more fully in the discussion of TTMA's financial condition, infra, in April 1992, DJT and TTMA entered into a Services Agreement, wherein TTMA agreed to pay DJT for specified

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<sup>2</sup>Formerly the New Jersey Department of Environmental Protection and Energy.

services. In conjunction with TTMA's last casino license renewal, the Commission specifically granted approval for payment of these fees, and TTMA again requests in its renewal petition specific approval for such payments through the upcoming license period. Based on the Division's analysis of TTMA's forecasts, as will be discussed in the section concerning financial stability, infra, the Division does not object to such approval.

## V. FINANCIAL REVIEW

### A. Historical Results

In every year since its opening in 1990, TTMA's net revenue has steadily improved, rising from \$357.1 million for 1990 (April 1 through December 31, 1990) to \$520.1 million for 1994. More significantly, TTMA's gross operating profit ("GOP") rose from \$71 million for 1990 to \$128.8 million for 1994. Table 1 below illustrates TTMA's GOP and GOP margin since its April 1990 opening.

Table 1  
Trump Taj Mahal Associates  
GOP and GOP Margin  
For the Five Years Ended December 31, 1994  
(\$ in billions)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Net Revenue	\$357.1	\$440.7	\$473.7	\$509.1	\$520.1
Costs and Expenses	<u>286.1</u>	<u>337.5</u>	<u>362.2</u>	<u>374.0</u>	<u>391.3</u>
GOP	<u>\$71.0</u>	<u>\$103.2</u>	<u>\$111.5</u>	<u>\$129.1</u>	<u>\$128.8</u>
GOP Margin	<u>19.9%</u>	<u>23.4%</u>	<u>23.5%</u>	<u>25.7%</u>	<u>24.8%</u>
Industry GOP Ranking	3rd	1st	1st	1st	N/A <sup>3</sup>
Industry GOP Margin Ranking	7th	5th	5th	4th	N/A <sup>3</sup>

For 1994, TTMA generated net revenue substantially as forecasted, [REDACTED]. However, net revenue for 1994 was 3.4%, or \$17 million, above 1993's level. As shown on Table 1, net revenue for 1994 amounted to \$520.1 million, making TTMA the only Atlantic City casino hotel

<sup>3</sup>Not currently available.



operator to generate annual revenue in excess of \$500 million for the second consecutive year. More significantly, for 1994, TTMA generated GOP above its forecasts and substantially identical to 1993's level. TTMA's GOP was expected to total [REDACTED] for 1994. However, actual GOP results were [REDACTED] or [REDACTED] and \$300,000, or 0.2%, below 1993's level.

Net revenue increased \$17 million, or 3.4%, for 1994 compared to 1993, resulting from an \$18.3 million improvement in casino revenue, offset by a \$1.3 million decline in other net revenue. The 4.1% improvement in casino revenue resulted primarily from a substantial improvement in poker and horserace simulcasting revenue due to a full year of operations in 1994 compared to a partial year for 1993<sup>4</sup> as well as expanded poker operations in 1994 and the commencement of keno operations on June 15, 1994.

The improvement in net revenue for 1994 was more than offset by a \$17.3 million, or 4.6%, increase in costs and expenses. Total costs and expenses rose despite a reduction in Atlantic City real estate taxes primarily due to an 8.5% increase in payroll and payroll-related expenses associated with a full year of poker and simulcasting operations, the addition of keno and an expansion of slot operations. Costs and expenses also rose due to increased marketing costs and additional expenses related to the new games of poker, simulcasting and keno.

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<sup>4</sup>TTMA's poker and horserace simulcasting operations commenced on June 29, 1993.

As Table 1 above illustrates, in every year since its opening in 1990, TTMA's net revenue has steadily improved from \$357.1 million for 1990 (April 1 - December 31, 1990) to \$520.1 million for 1994. More significantly, TTMA's GOP rose from \$71 million for 1990 to \$128.8 million for 1994. Also, since TTMA's first full year of operations in 1991 continuing through at least 1993, TTMA generated the highest GOP of any Atlantic City casino hotel operator.

#### B. Historical Cash Flows

Table 2 below presents a summary of TTMA's cash flow results for 1993 and 1994.

Table 2  
Trump Taj Mahal Associates  
Cash Flow Summary  
For the Two Years Ended December 31, 1994  
( \$ in millions)

#### Sources of Cash:

Operating Cash Flows	\$ 55.2
Issuance of Additional New Bonds	<u>26.8</u>

Total Sources of Cash	62.0
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#### Uses of Cash:

Capital Expenditures	39.8
Purchase of CRDA Obligations	9.6
Partnership Distributions	3.9
Debt Repayments	<u>1.5</u>

Total Uses of Cash	<u>54.9</u>
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Net Increase in Cash	27.1
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Beginning Cash, January 1, 1993	<u>34.1</u>
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Ending Cash, December 31, 1994	<u>\$ 61.2</u>
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During the two-year period ended December 31, 1994, TTMA generated \$82 million in cash flows, which was more than sufficient to fund the \$54.9 million in cash used by TTMA. As a result, over the entire two-year period ended December 31, 1994, TTMA's cash balance increased \$27.1 million to \$61.2 million at December 31, 1994.

As explained in the discussion of TTMA's debt, *infra*, TTMA can fund a portion of its interest expense through the issuance of additional bond debt. As a result, for 1993 and 1994, TTMA was able to generate \$26.8 million in cash flows through the issuance of additional debt.

TTMA's major capital expenditures in 1993 and 1994 included parking garage upgrades, restaurant, hotel tower and room renovations, carpet replacement, ongoing casino floor reconfigurations, additional and replacement slot machines, completion of an entertainment complex, modification of existing space to accommodate the new games of horserace simulcasting and poker, construction of a keno room, relocation of the lobby lounge, and land acquisition and professional fees related to the potential expansion of TTMA's hotel facility.

The partnership distributions represent amounts paid by TTMA to Holding as reimbursement for its expenses. These amounts primarily represent directors' fees and legal costs; however, even though he is a director, DJT does not receive any of these distributions. Rather, pursuant to a Services Agreement dated April 1991, in consideration for marketing, advertising,

promotional and related services to TTMA, DJT receives an annual base fee of \$500,000 plus an annual incentive fee equal to 1.5% of TTMA's earnings before interest, taxes and depreciation, as defined, less capital expenditures and partnership distributions. The first \$575,000 from these fees, however, is paid directly to First Fidelity Bank, N.A. ("First Fidelity"), to satisfy debt which has been guaranteed by DJT. For the two-year period ended December 31, 1994, TTMA funded base and incentive services fee payments totaling \$3.2 million. These fees are reported as part of TTMA's operating cash flows for this period.

Also included in the operating cash flows are payments to Trump Taj Mahal Realty Corp. ("Realty"). Currently, TTMA leases real property consisting of the Steel Pier, a warehouse and other parcels of land from Realty. The lease runs through 2023 and provides for annual base rental payments of \$2.7 million plus 3.5% of excess available cash flow ("EACF"), as defined. Realty has assigned the lease income to First Fidelity and for the two years ended December 31, 1994, TTMA made \$5.4 million in lease payments.

As a result of all the foregoing, TTMA generated a \$27.1 million increase in cash over the two-year period, reporting a cash balance totaling \$61.2 million at December 31, 1994.

#### C. Debt

TTMA's long-term debt primarily consists of the New Bonds issued by Funding, which are secured by a mortgage on TTMA's real property. Table 3 below compares TTMA's outstanding long-term debt

at December 31, 1994 with its long-term debt outstanding as of September 30, 1992, just before its last casino license renewal.

Table 3  
Trump Taj Mahal Associates  
Schedule of Outstanding Long-Term Debt  
As of December 31, 1994 and September 30, 1992  
(\$ in millions)

	Dec. 31, <u>1994</u>	Sept. 30, <u>1992</u>
11.35% New Bonds	\$765.1	\$738.3
Unamortized Discount	<u>(153.6)</u>	<u>(191.7)</u>
	611.5	546.6
Bank Term Loan	45.0	45.3
Other	<u>0.2</u>	<u>0.1</u>
Total	<u>\$656.7</u>	<u>\$592.0</u>

The \$64.7 million, or 10.9%, increase in outstanding long-term debt occurred because TTMA continued to fund a portion of its interest expense through the issuance of additional New Bonds. The New Bonds do not require principal repayments prior to maturity in November 1999 and bear interest at 11.35% per annum with interest due semiannually on each May 15 and November 15. However, TTMA is only required to fund cash interest payments at the rate of 9.375% per annum. The remaining 1.975% ("Additional Amount") can be satisfied in cash or through the issuance of additional New Bonds or a combination thereof on May 15 of each year. To the extent that TTMA generates EACF for the immediately preceding calendar year, the Additional Amount will be paid in cash up to 10.28%, and the balance thereof may be paid, at TTMA's option, in cash or

additional New Bonds, provided that an equivalent amount of cash is used to purchase or redeem New Bonds.

For the year ended December 31, 1992, TTMA did not generate any EACF. Accordingly, TTMA paid the Additional Amount due on May 15, 1993 through the issuance of approximately \$14.6 million in additional New Bonds. For the year ended December 31, 1993, TTMA did generate EACF, and as a result, of the \$14.9 million Additional Amount due May 15, 1994, \$2.6 million was paid in cash and the \$12.3 million balance in additional New Bonds. For 1994, TTMA did not generate EACF, therefore, management expects to satisfy the Additional Amount due May 15, 1995 through the issuance of approximately \$15.1 million in additional New Bonds.

The \$45 million bank term loan represents a loan from National Westminster Bank, U.S.A., which provided financing up to \$50 million for certain items of furniture, fixtures and equipment installed at TTMA ("NatWest Loan"). The NatWest Loan is secured by a first priority lien on the furniture, fixtures and equipment acquired with the proceeds of the loan plus any furniture, fixtures and equipment that replaces such property. The NatWest Loan currently bears interest at 9.375% per annum and matures on November 15, 1999. Principal and interest are payable monthly in the fixed amount of \$373,000 to be applied first to accrued interest and the balance, if any, to principal. Also, on May 15 of each year, TTMA must pay 16.5% of the EACF of the preceding calendar year in excess of the Additional Amount, to be applied first to accrued but unpaid interest, and then to principal.

Additionally, on September 1, 1994, TTMA entered into an amended \$25 million working capital line of credit agreement with Foothill Capital Corporation ("Credit Line"). The agreement extended the term of the Credit Line from November 13, 1996 until November 13, 1999, while reducing the annual fee from 1% to 3/4%, reducing the unused line fee from 3/4% to 1/2%, and reducing the interest rate from the prime lending rate plus 4% to the prime lending rate plus 3%. During 1993 and 1994, no amounts were outstanding under the Credit Line.

As previously stated, the terms of the New Bonds do not require principal repayments prior to maturity. Scheduled aggregate annual maturities of long-term debt, at accreted value, as of December 31, 1994, are as follows:

1995	\$ 743,000
1996	423,000
1997	233,000
1998	256,000
1999	<u>809,386,000</u>
Total	<u>\$811,041,000</u>

D. Forecasted Results

Table 4 below presents TTMA's actual and forecasted GOP and GOP margins for the four years ending December 31, 1997.

Table 4  
 Trump Taj Mahal Associates  
 GOP and GOP Margin  
For the Four Years Ending December 31, 1997  
 (\$ in millions)

	Actual <u>1994</u>	Forecasted <u>1995</u>	Forecasted <u>1996</u>	Forecasted <u>1997</u>
Net Revenue	\$520.1	[REDACTED]	[REDACTED]	[REDACTED]
Costs and Expenses	391.3	[REDACTED]	[REDACTED]	[REDACTED]
GOP	\$128.8	[REDACTED]	[REDACTED]	[REDACTED]
GOP Margin	24.8%	[REDACTED]	[REDACTED]	[REDACTED]

TTMA's net revenue is projected to increase in 1995 and in both 1996 and 1997, primarily due to an anticipated improvement in casino revenue. Management expects increased slot revenue from the addition of slot machines in 1995 as well as additional casino revenue associated with the June 1994 opening of the expanded poker room and the commencement of keno operations.

In summary, over the entire three-year forecast period, TTMA anticipates an approximate, or, increase in net revenue, primarily from a improvement in casino revenue. Management is projecting only a modest increase in casino revenue over the entire three-year forecast period due to potential competition from Philadelphia riverboats, Native American and other land-based casinos located in the Northeastern United States and video lottery terminals. Due to this uncertainty, management did not factor any recovery into the 1995 budget or the forecasts for 1996 and 1997.



Over the entire three-year forecast period, management anticipates that the improvement in net revenue will be more than offset by an approximate [REDACTED] or [REDACTED] increase in total costs and expenses. Management's forecasts are based on the belief that TTMA will need to market heavily in order to achieve its revenue. Also contributing to the forecasted increase in costs and expenses are increased payroll and payroll-related expenses based on union contract rate increases, merit increases, bonuses and increased benefit costs. Total costs and expenses are projected to rise approximately [REDACTED] in 1995 and [REDACTED] in both 1996 and 1997.

As a result of the foregoing, management forecasts that TTMA's GOP will [REDACTED] by [REDACTED] in 1995. However, for 1996 and 1997, management forecasts that GOP will [REDACTED] by [REDACTED] and [REDACTED] respectively. As a result, over the entire three-year forecast period management anticipates an [REDACTED] [REDACTED] in TTMA's GOP. Furthermore, management anticipates that TTMA's GOP margin will [REDACTED] in 1995, further [REDACTED] in 1996 and [REDACTED] again in 1997. These [REDACTED] are primarily attributable to management's belief that TTMA will need to spend and market heavily in order to achieve its anticipated increase in revenue.

Pursuant to the terms of the Amended and Restated Certificate of Incorporation of TM/GP, dated June 4, 1991 ("TM/GP's Certificate of Incorporation"), TTMA must substantially meet its GOP forecasts

or DJT could lose managerial control of TTMA.<sup>5</sup> For this reason, TTMA has historically provided the Division and Commission with conservative forecasts. For example, as shown on Table 1, TTMA's GOP steadily rose from \$103.2 million for 1991 to \$111.5 million for 1992 to \$129.1 million for 1993. Even with this positive historical trend, however, management's forecasts for 1994, which were approved by the TM/GP Board on December 14, 1993, anticipated that TTMA's GOP would reach [REDACTED] representing a [REDACTED] from 1993. Because TTMA generated GOP of \$128.8 million for 1994, which is substantially identical to 1993's level, it appears that one factor contributing to management's conservative forecast of a [REDACTED] in TTMA's GOP for 1995 may be the provision contained in TM/GP's Certificate of Incorporation specifying that DJT could lose managerial control of TTMA if TTMA's GOP forecasts are not substantially met.

#### E. Forecasted Cash Flows

Table 5 below presents a summary of TTMA's forecasted cash flow results for the three years ending December 31, 1997.

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<sup>5</sup>TTMA's actual EBITDA less actual capital expenditures must equal or exceed 85% of the budgeted EBITDA less budgeted capital expenditures for DJT to maintain managerial control.

Table 5  
 Trump Taj Mahal Associates  
 Forecasted Cash Flow Summary  
For the Three Years Ending December 31, 1997  
 (\$ in millions)

Sources of Cash:

Issuance of Additional New Bonds	██████████
Operating Cash Flows	██████████

Total Sources of Cash

██████████

Uses of Cash:

Capital Expenditures	██████████
Purchase of CRDA Obligations	██████████
Partnership Distributions	██████████
Debt Repayments	██████████

Total Uses of Cash

██████████

Net Decrease in Cash

██████████

Beginning Cash, January 1, 1995

██████████

Ending Cash, December 31, 1997

██████████

For the three-year forecast period ending December 31, 1997, TTMA projects to generate ██████████ in operating cash flows and ██████████ from the issuance of additional New Bonds. These sources, totaling ██████████ are anticipated to be used to fund planned capital expenditures, purchase expected CRDA obligations and make required partnership distributions and debt repayments. TTMA also projects using ██████████ of its cash balance over the three-year forecast period for these planned expenditures.

Throughout the three-year forecast period ending December 31, 1997, TTMA expects to fund all New Bond interest payments above 9.375% through the issuance of additional New Bonds. As a result,

TTMA forecasts generating [redacted] in cash flows through the issuance of additional debt. Therefore, as of December 31, 1997, TTMA anticipates that the principal balance on the New Bonds will total [redacted] representing a [redacted] on [redacted] in debt from the amount outstanding as of December 31, 1994.<sup>6</sup>

For the three-year forecast period, TTMA's forecasted major capital expenditures include additional and replacement slot machines, hotel room and restaurant refurbishments, carpet replacements, ongoing casino floor reconfigurations as well as the addition of bill acceptors and the upgrading of communications and computer systems.

The partnership distributions represent amounts forecasted to be paid by TTMA to Holding as reimbursement of expenses. As previously discussed, these amounts primarily represent directors' fees and legal costs, and DJT does not receive any of these distributions.

The forecasted debt repayments represent amounts due on the NatWest Loan and under certain capital leases. No principal repayments on the New Bonds are due during the forecast period, because the entire principal balance is due on November 15, 1999. Also, as in 1993 and 1994, [redacted]

[redacted]

<sup>6</sup>The principal amount of the New Bonds forecasted to be outstanding as of December 31, 1997, reflects an increase of approximately [redacted] or [redacted] from the amount originally issued in the 1991 restructuring.

Included in the forecasted operating cash flows for the three years ending December 31, 1997, are projected base and incentive services fee payments to DJT. The first \$575,000 from these annual fees are paid directly to First Fidelity to satisfy debt of DJT. During the three-year forecast period, these base and incentive services fee payments are forecasted to total [REDACTED]

Also included in the forecasted operating cash flows are projected lease payments to Realty. TTMA makes annual base rental payments of \$2.7 million plus 3.5% of EACF. Realty has assigned the lease income to First Fidelity, and for the three-year forecast period, lease payments are forecasted to total [REDACTED] per year.

As a result of all the foregoing, TTMA anticipates a [REDACTED] in cash over the three-year period. The result is a forecasted cash balance of [REDACTED] at December 31, 1997.

The Division submits that TTMA's forecasts reflect its financial flexibility. TTMA will primarily rely on its ability to generate cash flows from operations and to fund New Bond interest payments above 9.375% through the issuance of additional New Bonds. For additional flexibility, TTMA will depend on its substantial cash balance and could use its \$25 million Credit Line. Because TTMA has no major mandatory debt repayments coming due during the three-year forecast period, these resources should be sufficient, barring unforeseen adversity, to provide coverage of cash requirements through December 31, 1997.

Moreover, based on the Division's analysis, TTMA's operating forecasts appear conservative. Therefore, it is the Division's opinion that TTMA will not only attain its GOP forecasts but will surpass them. Additionally, Table 5 above shows that TTMA can withstand a [REDACTED] or 34.2%, negative variance from forecasted cash flows over the three-year forecast period and still meet its cash requirements while maintaining a \$20 million cash balance. In sum, the prospective financial flexibility of TTMA appears sound.

F. Compliance with Financial Stability Regulations

In accordance with the requirements of N.J.A.C. 19:43-4.1 et seq., TTMA has made quarterly written statements to the Commission. The Division's review of these submissions and of TTMA's forecasts for the three years ending December 31, 1997, reflects that, in the Division's view, TTMA has met the requirements of the financial stability regulations. N.J.A.C. 19:43-4.2(b)1 to -4.2(b)5.

G. Opinion

The results of the Division's analysis indicate that TTMA's operating forecasts are conservative and appear reasonable and attainable in light of TTMA's historical results. Additionally, TTMA appears to be in substantial compliance with the financial requirements of N.J.A.C. 19:43-4.2.

On February 2, 1995, DJT announced that the Holding Board had authorized BT Securities Corporation and Rothschild Inc. to evaluate a possible recapitalization of TTMA, which could include the contribution by DJT of his license to conduct riverboat gaming

in Gary, Indiana. However, it was also announced that no assurance could be given that any such recapitalization proposal would be completed. The Division will investigate this proposal when it materializes and report its findings to the Commission.

Based on the Division's analysis, TTMA exhibits substantial financial flexibility, because it can withstand a significant negative deviation from its conservative cash flow forecasts and still meet its cash requirements. Moreover, TTMA has the additional cushion of its \$25 million Credit Line and its substantial cash balance, which totaled \$61.2 million at December 31, 1994. Therefore, the Division's view is that TTMA exhibits the requisite financial stability and flexibility for a two-year renewal of its casino license. The Division does not object to a four-year renewal, however, subject to the following reporting condition:

That, by each December 31, commencing December 31, 1995, TTMA shall file with the Commission and Division copies of its annual forecast, including a statement of income, balance sheet and statement of cash flows as well as its capital budget for the upcoming calendar year, which can be submitted in TTMA's internal format.

## VI. CONDITIONS

The Commission imposed 16 conditions on TTMA when it renewed its casino license in 1993. Resolution No. 93-74 at pp. 5-10. The Division has reviewed conditions numbered 1 through 10 and notes that TTMA has generally complied with them. The Division recommends the reimposition of all ten of these conditions, with, however, condition 1 being modified so that only TTMC and Funding are deemed holding companies for purposes of complying with N.J.A.C. 19:43-1.1, -2.3, -2.5, -2.7, -2.8, -2.9, -8.1 and 19:45-1.4 and -1.7. The Division submits that conditions 5, 6, 7 and 8, which are directed at the Trump entities and DJT, should be reimposed, because the matters noted therein would affect the financial stability of TTMA qualifier DJT. Similarly, in the Division's view, conditions 9 and 10, which are directed solely at qualifier DJT, should be reimposed so that the Commission and Division can better monitor DJT's financial position.

In addition to these ten conditions, the Division also recommends the imposition of two other conditions. As noted above, if the Commission grants a four-year renewal license for TTMA, the Division recommends the reporting condition concerning its annual forecast and capital budget. Secondly, for reasons more fully addressed in its separate report updating DJT's financial condition, to be filed on or about March 1, 1995, the Division recommends that TTMA's license renewal be subject to the condition that the qualifications of DJT be reviewed again by the Commission prior to June 30, 1995.



## VII. CONCLUSION

Based on the information contained in this report and others that the Division may file, including a report that updates the financial position of DJT, a qualifier of TTMA, the Division has no objection to the Commission renewing the casino license of TTMA, subject to the reimposition of a modified condition 1 and conditions 2 through 10 of Resolution No. 93-74 and a condition that DJT's qualifications be reviewed again by the Commission prior to June 30, 1995. Additionally, the Division does not object to TTMA being granted a renewal license term of up to four years, subject to the condition that annual forecasts be submitted by each December 31.

Respectfully submitted,

FRANK CATANIA  
ACTING DIRECTOR

By:

  
Dorothy G. Turi  
Deputy Attorney General

DATED: February 24, 1995

020395/b

c Members of the Commission  
Catherine A. Walker, Esq.  
Nicholas F. Moles, Esq.  
Joseph A. Fusco, Esq.

EXHIBIT 1

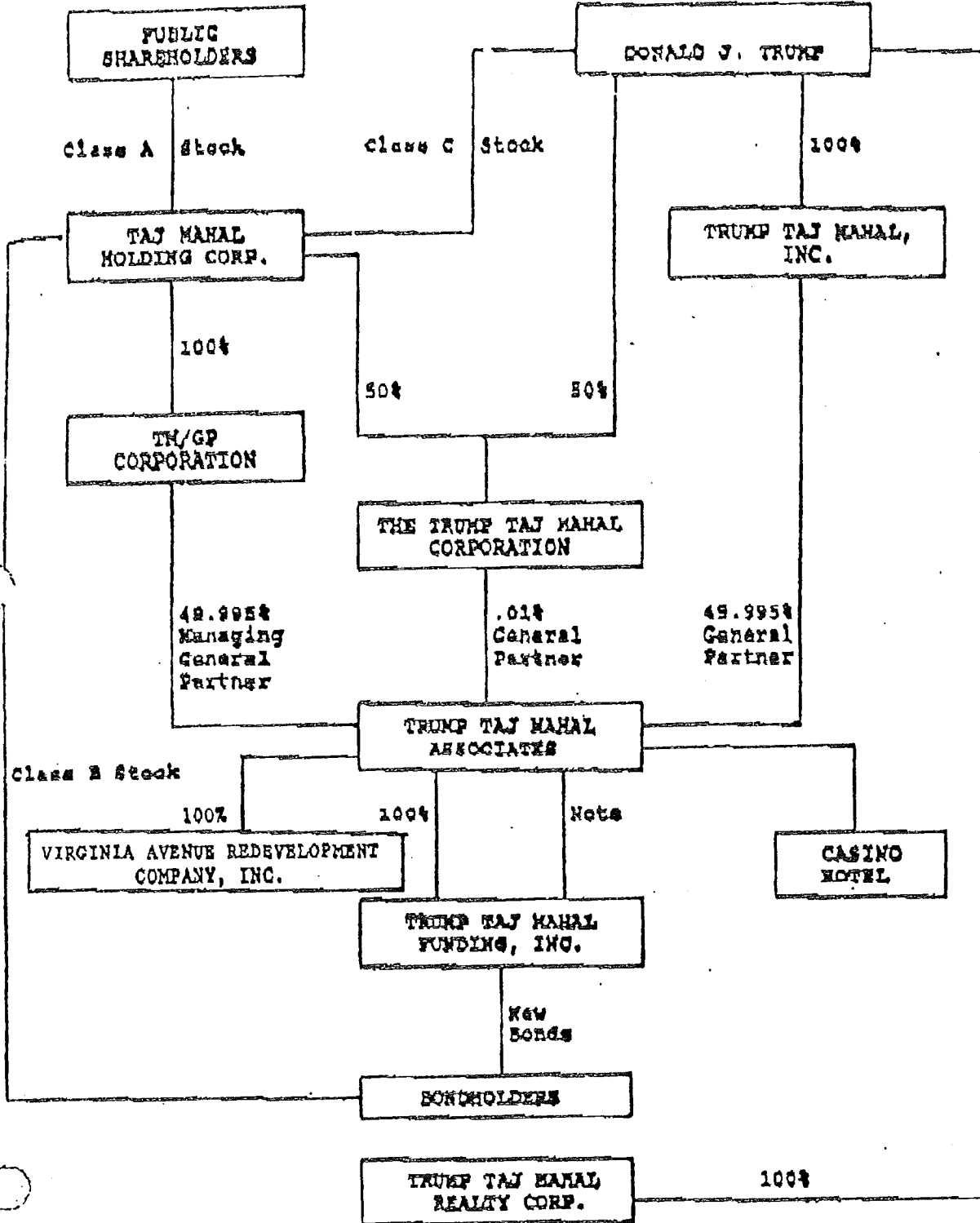


EXHIBIT 2

2/21/85

LEGEND/ENTITY QUALIFIERS:

- TTMA - TRUMP TAJ MAHAL ASSOCIATES
- TTNY - TRUMP TAJ MAHAL, INC.
- TTMO - THE TRUMP TAJ MAHAL CORPORATION
- TTMP - TRUMP TAJ MAHAL FUNDING, INC.
- TMGP - TM/GP CORPORATION
- TMHC - TAJ MAHAL HOLDING CORP.

NATURAL PERSON QUALIFIERS:

NAME	AI	RR	POSITION(S)
Alcorn, Ronald	1623-11	NJ	TTMA-Vice President, Casino Finance Operations
Augusto, George	5927-11	HI	TTMA-Vice President, Player Development
Blawieck, William	38-70 2348-11	NJ	TTMA-Vice President, Sales and Marketing
Block, Carla	5712-11	NJ	TTMA Vice President, Marketing Systems
Burko, John	38-48 5312-11	NY	TTMA Corporate Treasurer TMGP-Director, Vice President and Audit Committee Member TMHC-Director and Audit Committee Member
Busch, Elvon R.	38-77	NY	TMGP-Director TMHC-Director
Calina, Anthony	38-05 2330-11	NJ	TTMA-Vice President, Hotel Operations
Clark, Larry W.	38-31 2531-11	NJ	TTMA-Executive Vice President, Casino Operations
Clark, William	38-58 5440-11	NJ	TTMA Sr. Vice President, Casino Marketing
Crowley, Catherine	38-63 5774-11	NJ	TTMA-Senior Vice President, Administration

2/21/85

NAME	ID	NR	POSITION(S)
DeVanna, Consalo	5701-11	NJ	TTMA Vice President, Latin Marketing
Duffy, Allan	38 09 5284-11	NJ	TTMA Vice President, Human Resources
Enpin, Mario	5617 11	NJ	TTMA-Vice President, Simulcast Facility
Fleet, Harold	380 04	NJ	TTMF-Director and Member of Audit Committee TTMC-Director and Member of Audit Committee
Gayed, Maudy	3651-11	NJ	TTMA, Vice President, Middle Eastern and European Marketing
Grason, Dennis G.	38-56 5219 11	NJ	TTMA-President and Chief Operating Officer TTMF-Vice President TTMC-Vice President TTMC Director and Vice President TTMF Director and Vice President TTM Vice President
Kelly, John K.	380 03	NJ	TTMF Director TTMC Director
Kline, Richard	38-84 5358 11	NJ	TTMA-Hr. Vice President, Hotel Operations
Kohlross, Walter	38-07 6124-11	NJ	TTMA-Senior Vice President, Food & Beverage and Vice President, International Marketing
Lin, Gwo (Paul)	38-55 3825-11	NJ	TTMA-Vice President, International Marketing
Mancio, Vincent	2864 11	NJ	TTMA-Vice President, Casino Manager

2/21/85

NAME	ID	RA	POSITION(S)
McLure, Robert J.	380-02	NY	TMC Director and Audit Committee Member TMC Director and Audit Committee Member
Mukoo, N. MURCO	38-49 548-11	NJ	TMA-Senior Vice President, Finance and Accounting
Myerhan, M. Randy	38-65 5353-11	NJ	TMA Vice President, Customer Development
Rules, Nicholas	38-01 3369-11	NJ	TMA-Sr. Vice President, Law and General Counsel
Mullin, Lawrence	38-76 4070-11	NJ	TMA-Vice President, Casino Marketing
Nichols, Stephanie	38-67 5255-11	NJ	TMA Vice President, Entertainment, Advertising and Public Relations
Nigilo, Nicholas	352-11	NJ	TMA-Vice President, International Marketing
Norman, Roy E.	380-01	NY	TMC Director TMC Director
Riba, Nicholas L.	38-53 5205-11	NJ	TMA-Chief Executive Officer TMI Vice President and Secretary TME-Vice President TMC Director and Vice President TMC Vice President TMC-Director and Vice President
Rigopoulos, George P.	5318-11	NJ	TMA Vice President, Customer Development
Ricks-Lewis, Lawrence	2279-11	NJ	TMA Vice President, Customer Development

2/21/95

NAME	ID	RB	POSITION(S)
Kentlogg, Richard H.	38-59 5247 11	NJ	TTRA Vice President, Security Operations
Kibella, Scott	38-75 5291 11	NJ	TTRA Vice President, Casino Marketing Administration
Klond, Herbert	38-58	NY	TNCP Neutral TNIC-Neutral
Swain, Jonathan C.	3807-11	NJ	TTRA Vice President, Marketing
Trump, Donald J.	38-03	NY	TMI-Security Holder, Director, Chairman of the Board, President and Treasurer TNIC-Security Holder, Director, Chairman of the Board, President and Treasurer TNF-Director, Chairman of the Board, President and Treasurer TNCP-Director, Chairman of the Board, President and Treasurer TNIC-Security Holder, Director, Chairman of the Board, President and Treasurer
Wright, James J. III	3507-11	NJ	TTRA Vice President & Controller

EXHIBIT 3

FINANCIAL SOURCES

Trump Taj Mahal Funding, Inc.

Amplicon, Inc.

Star Leasing Corporation

Foothill Capital Corporation

2695/em2

# New Jersey Casino Control Commission



## Resolution

No. 93-74

ISSUED  
3/15/93

RESOLUTION OF THE NEW JERSEY CASINO CONTROL COMMISSION CONCERNING THE PETITION OF TRUMP TAJ MAHAL ASSOCIATES FOR RENEWAL OF ITS CASINO LICENSE AND CASINO HOTEL ALCOHOLIC BEVERAGE LICENSE, AND FOR OTHER RELIEF, AND CONTAINING FINDINGS, CONDITIONS AND EFFECTIVE DATES

WHEREAS, Trump Taj Mahal Associates holds a casino license and a casino hotel alcoholic (CHAB) license, both effective April 26, 1992, for a term of one year; and

WHEREAS, Trump Taj Mahal Associates has petitioned (PRN 358201) for the renewal of its casino and CHAB licenses (the application), as required by N.J.S.A. 5:12-88 and 95; and

WHEREAS, the Division of Gaming Enforcement filed three reports, all dated March 1, 1993, on the application (D-1, D-2, and D-3, in evidence); and

WHEREAS, a prehearing conference was held on January 20, 1993, and

WHEREAS, the Commission on March 15, 1993, received all information, conducted a hearing, considered the evidence and took final action on the application; and

WHEREAS, the Commission has found by the affirmative vote of all five of its members that Trump Taj Mahal Associates has complied with all requirements of the Casino Control Act for the renewal of its casino license and CHAB license; and





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Corporation, Tortoise Corporation, Chelonian Corporation, Ghelu Corp. and Testudo Corp., no holder of the debt securities of TTMP is presently a qualifier or financial source because those securities are freely traded and widely distributed and no holder thereof is deemed to be a discretionary qualifier;

9. That with the concurrence of the Director of the Division, where necessary, the qualification requirement contained in N.J.S.A. 5:12-85 as it applies to TMHC security holders including: Loews Corporation; Continental Assurance Company; Donaldson, Lufkin & Jenrette Securities Corporation and Putnam High Yield Fund-014, is hereby waived. Provided, however, the waiver of Loews Corporation is based on its submission of an irrevocable neutral voting proxy and that the waiver of Loews Corporation and Continental Assurance Company is subject to a condition that the Commission and Division be advised of any change in investment intent or ownership interest in the TMHC securities, in excess of 1/2 of 1% within ten days of such change.

OWNERSHIP OF THE APPROVED HOTEL BUILDING AND UNDERLYING LAND

10. That TTMA's approved hotel is situated on 37.79 acres, including a 9.1 acre riparian grant parcel. The remainder of the approved hotel building and underlying land is owned by Trump Taj Mahal Realty Corporation (TTMR) and is leased to TTMA. TTMR holds a non-gaming related casino service industry license, N.J.S.A. 5:12-92(c).



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CASINO HOTEL ALCOHOLIC BEVERAGE LICENSE

11. That the CHAB facilities of TTMA which are listed in Appendix B, attached, are in compliance with N.J.S.A. 5:12-103 and N.J.A.C. 19:50-1.1 et seq.;

AFFIRMATIVE ACTION

12. That, as indicated in the report of the Division of Compliance dated February 17, 1993 (C-2 in evidence), TTMA has exerted good faith effort to comply with N.J.S.A. 5:12-134 and 135 and N.J.A.C. 19:53-1.1 et seq.;

FINANCIAL STABILITY

13. That, as indicated in the reports of the Division of Financial Evaluation (C-3, dated March 9, 1993, and C-4, dated March 5, 1993, in evidence) and the Division of Gaming Enforcement (D-1, D-2 and D-3, all dated March 1, 1993, in evidence), TTMA has demonstrated its financial stability. Further, Donald J. Trump has demonstrated his financial stability subject, to certain conditions:

CONDITIONS

That, based upon consideration of the entire record of the proceedings, all the evidence presented at the hearing concerning these casino and CHAB license renewal applications and the findings contained herein, the casino license and CHAB license of TTMA are renewed subject specifically to the following conditions:

1. For purposes of complying with N.J.A.C. 19:43-1.1,



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2.3, 2.5, 2.8, 2.9, 8.1 and 19:45-1.4 and 1.7, TTMC, TTMF, UNIC, TORT, CHEL, GHCL and TEST shall be deemed holding companies. For purposes of complying with N.J.A.C. 19:43-2.7, TTMC and TTMF, shall be deemed holding companies.

2. Donald J. Trump and any business entity wholly or substantially owned, directly or indirectly, by Donald J. Trump, shall not acquire, directly or indirectly, any assets or securities of any applicant for or holder of a New Jersey casino license or any holding company, intermediary company, or entity qualifier or any such applicant or licensee (as the terms "security," "holding company" and "intermediary company" are defined in N.J.S.A. 5:12-44, -26 and -28 respectively), or announce, give notice, or otherwise display or reveal an intention to acquire any such securities or assets without the prior express written approval of the Commission.

3. TTMA shall maintain, at either the Licensee or holding company level, an audit committee comprised of at least three members, the majority of whom shall be independent of management.

4. TTMA, its holding companies, and TTMC, TTMF and the Trump Organization shall conform to due diligence procedures as approved by the Commission.

5. Donald J. Trump and the Trump entities submit consummated agreements relating to the disposition of any asset or the



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restructuring of any debt obligation to the Commission and Division within five (5) days of completion.

6. Donald J. Trump and the Trump entities immediately notify the Commission and Division of any significant events or transactions that impact Mr. Trump's financial position, including, but not limited to, the acquisition, redemption, or changes in the terms of long-term debt and the acquisition or sale of assets or investments.

7. That, Donald J. Trump and the Trump entities shall, within fifteen (15) days of the end of each month, provide to the Commission and Division an update on the status of the disposition of the remaining Restructuring assets and Trump entities which are detailed on page 5 of the report of the Division of Financial Evaluation on the financial position of Donald J. Trump dated March 5, 1993 (C-4, in evidence).

8. Donald J. Trump and the Trump entities shall, within fifteen (15) days of the end of each month, provide to the Commission and Division an update on the status of negotiations regarding the satisfaction of all initial debt maturities through June 1995 as detailed on page 12 of the Division of Financial Evaluation Report on the financial position of Donald J. Trump dated March 5, 1993 (C-4, in evidence).

9. Donald J. Trump shall, within fifteen (15) days of the end of each month, submit a comparison of monthly and cumulative



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actual and forecasted cash flows as detailed on page 14 in Table III of the Division of Financial Evaluation Report on the financial position of Donald J. Trump dated March 5, 1993 (C-4, in evidence). The cash flow comparison should disclose the specific factors contributing to any cash flow variances.

10. Donald J. Trump shall, within fifteen (15) days of the end of each month, provide to the Commission and Division a cash flow statement which incorporates Donald J. Trump's actual flows to date and updates his forecasted sources and uses of cash through June 30, 1995. This schedule should disclose the reasons for any changes from the cash flow statement detailed on page 14 in Table III of the Division of Financial Evaluation report on the financial position of Donald J. Trump dated March 5, 1993 (C-4, in evidence).

11. TTMA comply fully with the affirmative action requirements relating to construction and defined in N.J.A.C. 19:53-1.2, and submit in a timely manner all Project Manning Reports, written documentation of its efforts to increase minority and female participation in the journeyworker and apprentice levels where deficiencies occur, and other data and information related to affirmative action requirements in its construction workforce in the form and manner prescribed by the Commission's Division of Compliance.

12. TTMA submit on a continuing basis and in a timely manner, accurate information relating to its compliance with affirmative

Resolution No. 93-74

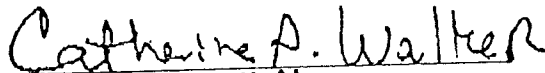
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directly on the open market and that TTMA document such efforts in evidence of its good faith for all collective bargaining agreements affecting all job categories in which there are deficiencies of minorities and females, where such agreements allow for the direct hiring on the open market and where the union is unable, upon request, to refer minorities or females.

EFFECTIVE DATE

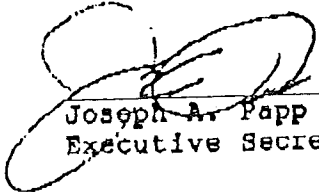
The renewed TTMA casino license and CHAB license issued March 15, 1993, shall become effective on April 26, 1993, and shall expire on March 31, 1995, in accordance with N.J.S.A. 5:12-88 and - 95.

Submitted by:

  
Catherine A. Walker  
Assistant General Counsel

CERTIFICATION

I HEREBY CERTIFY that this Resolution correctly reflects the decision of the New Jersey Casino Control Commission.

  
Joseph A. Papp  
Executive Secretary

Meeting of March 15, 1993  
Vote on Casino and CHAB License Renewal taken on pages 40-41  
Vote on Payments under the Services Agreement taken on page 41